

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.



Better Marketing



Division of Marketing and Marketing Agreements

• • AGRICULTURAL • ADJUSTMENT • ADMINISTRATION • •

Vol. 2

WASHINGTON, APRIL 3, 1937

No. 1

POULTRY INDUSTRY AIDED BY EGG-BUYING PROGRAM

Halt in Price Decline Reacted Favorably to Both Producers and Consumers; Eggs Used for Relief

More than 8,345,000 dozens of surplus eggs were bought under the purchase program put into effect by the Agricultural Adjustment Administration during the middle of last January to prevent a continuation of the abnormally sharp decline in winter farm egg prices. The program involved an expenditure slightly in excess of \$2,000,000.

In its activities on the four principal markets, the Agricultural Adjustment Administration bought over 73 percent of the surplus receipts over last year at those markets. At Chicago over 83 percent of the surplus was purchased, and at New York City over 70 percent was removed.

The sharp decline in egg prices in early January resulted from stimulated production due to extremely mild weather conditions prevailing in most parts of the United States. By preventing a continuance of this abnormal decline the program sought to aid in offsetting the unfavorable feed-egg ratio to egg producers.

Outlook Brighter

Reports received by the Poultry Section indicate that the program has resulted in preventing a less than normal seasonal decline in egg prices. It now appears likely that spring egg prices will be no lower than, or even slightly above, 1936 levels.

The beginning of activity on the part of egg breakers in various parts of the country and the opening of the storage

(Continued on p. 2)

St. Louis Milk Order Amendment Deletes "Spring Price Change"

An amendment to the order for handlers of milk in the St. Louis, Mo., marketing area, which deletes the so-called spring price change and reduces the size of the sales area, became effective April 1.

The modifications were considered at a public hearing held in the area March 6. The spring price change provision which is deleted from the order required a reduction of 10 cents per hundred-weight of milk in each of the class prices during the months of April, May, and June of each year. In addition, the amendment reduces the size of the marketing area by removing Collinsville township, in Madison County, Ill., from the provisions of the order.

135822—37

Cauliflower Industry in Oregon Is Considering Agreement Program

A marketing agreement program, which would provide for regulation of shipments of cauliflower by grades and sizes and for period prorotation of shipments to out-of-State markets, is being considered by the industry in the Oregon cauliflower producing area.

The marketing agreement providing for this program is being considered by handlers for signature while producers are indicating whether they favor issuance of an order by the Secretary of Agriculture which would embody the provisions of the agreement.

Overhead costs of administering the marketing agreement and order would be

(Continued on p. 4)

REGULATION OF FLORIDA CITRUS SHIPPING HALTED

Control Committee Recommendations Not Approved Because Court Rulings Created "Impossible Situation"

The Control Committee, in charge of administering the marketing agreement and order regulating out-of-State shipments of Florida citrus fruits, was notified by the Secretary of Agriculture that, in view of "contradictory decisions" by two Federal judges in the same jurisdiction, he could not approve their recommendations for further regulations under the program.

The action followed an unfavorable decision on the validity of the program and the marketing agreement and order provisions of the Agricultural Adjustment Act rendered March 25 by Federal Judge Alexander Akerman in Tampa. This decision was in conflict with one rendered on the program February 25 by Federal Judge John W. Holland at Miami.

Text of Telegram

On March 27 the Secretary of Agriculture sent the following telegram to L. P. Kirkland, chairman of the Florida Citrus Control Committee in charge of administering the marketing agreement and order regulating out-of-State shipments of Florida citrus fruits:

"The adverse decision on the validity of the marketing agreement and order regulating interstate shipments of Florida citrus fruits rendered March 25 by Federal Judge Alexander Akerman in Tampa, following a favorable decision on this same program February 25 by Federal Judge John W. Holland at Miami, has resulted

(Continued on p. 2)

WATERMELON PROGRAM ENTERS THIRD SEASON

Growers and Shippers Nominate Committee Members to Administer Marketing Plan for Another Year

Growers and shippers of watermelons in the Southeastern States expect to have a marketing-agreement program in operation this season for the third consecutive year to regulate interstate shipments, the General Crops Section reports.

First steps toward putting the program into operation were taken recently with growers and shippers nominating successors to the present members of the control committee in charge of administering the marketing agreement and order under which the program is in effect.

Bigger Melon Crop Likely

Reports from farmers planting watermelons this year indicate an increase in acreage which, with average yields and average weather conditions in consuming centers, may result in prices to growers lower than those received from last season's crop.

The 1937 acreage of watermelons in the Southeastern States of Florida, Georgia, North Carolina, and South Carolina is expected to be about 6 percent higher than it was last year. This increase was indicated to the Crop Reporting Board of the Department of Agriculture by farmers reporting their intentions to plant.

A summary of this situation in a recent report from the Bureau of Agricultural Economics shows that growers intend to increase 1937 watermelon plantings in Georgia by 5 percent, in South Carolina by 5 percent, and in Florida by 22 percent.

In terms of acres to be planted, Georgia growers report that they intend to plant this year 63,000 acres, an increase of 3,000 acres over last year's plantings. South Carolina farmers intend to plant 21,000 acres, an increase of 1,000 acres from last year. Florida growers report that they expect to plant 19,500 acres, or 3,500 more acres of watermelons than were planted in that State last year. Intended plantings in North Carolina were reported at 12,800 acres, the same as last year.

Returns May Be Lower

The increase in acreage this year, it is explained by the General Crops Section, is largely influenced by the favorable prices which prevailed for last year's watermelon crop. Prices last year averaged higher than at any time during the last half dozen seasons. The income of growers from watermelons produced in

(Continued on p. 3)



F. R. WILCOX, *Director*

BETTER MARKETING is issued as a means of communicating to workers and cooperators of the Division of Marketing and Marketing Agreements information relative to the Division's activities under the Agricultural Adjustment Act and related Acts.

UNITED STATES DEPARTMENT OF
AGRICULTURE

AGRICULTURAL ADJUSTMENT ADMINISTRATION
Washington, D. C.

NATHAN KOENIG, *Editor, BETTER MARKETING*

FLORIDA CITRUS

(Continued from p. 1)

in an impossible situation. The contradictory decisions of two Federal judges in the same district force me to withhold my approval of your recommendations for regulations governing the operation of the marketing agreement and order for the period beginning March 28. The jurisdictions of the two Federal judges both include the major citrus-producing areas of Florida. The decision of Federal Judge Holland has required shippers in eastern Florida to comply with the program. The decision of Judge Akerman relieves shippers in western Florida from the necessity to comply with the program. The position of those handlers and growers who are supporting and complying with the provisions of the marketing agreement and order would be rendered inequitable by the continuation of these regulations for volume and grade and size at this time. I regret the necessity that forces disapproval of your recommendation."

Plan Developed by Industry

The marketing agreement and order for Florida citrus fruits was developed by Florida growers and shippers in 1936 and was made operative for the current marketing season. The purpose of the agreement was the orderly marketing of Florida citrus fruits. The program has been in operation during a period in which the largest citrus-fruit crop in the history of the State has been harvested. To supplement the marketing-agreement program, the Agricultural Adjustment Administration has purchased this season approximately 1,000,000 boxes of surplus Florida grapefruit for relief distribution.

The marketing agreement enabled the industry to adjust the volume of fruit and the grade and size of the fruit shipped in interstate commerce more nearly in line with market demand. The objective was to prevent market gluts, which depress prices to growers without corresponding benefit to consumers.

Program Benefits Continue

The effects of the agreement and purchase program already had been such that Florida citrus growers are expected to continue to derive benefits for the rest of this marketing season.

Indications are that there will be a continuation of a favorable market for oranges throughout the rest of the season. In the case of grapefruit the market should continue the improvement evidenced during recent weeks unless there is undue deterioration in the quality of the fruit. The situation with regard to oranges and grapefruit, however, might have been different had Judge Akerman's decision come earlier in the season and had there been no purchase program.

The Agricultural Adjustment Administration plans to continue to safeguard the interests of growers by further purchases of grapefruit in fresh or canned juice form as the situation warrants. Any future purchases which may be necessary will be carried out on a basis comparable to purchases in the past.

Judge Akerman's adverse ruling was the first of its kind affecting marketing agreement programs for fruits and vegetables since the act was amended in 1935. The validity of the marketing agreement provisions of the amended Agricultural Adjustment Act for these commodities has been previously upheld by Federal district courts in three cases in California and one in Florida. The decisions involved the validity of marketing agreement programs for California-Arizona citrus Pacific coast walnuts, and California deciduous tree fruits in addition to the favorable decision by Judge Holland on the Florida citrus program.

POULTRY INDUSTRY AIDED

(Continued from p. 1)

packing season has resulted in a better demand situation and more confidence on the part of the trade. As a result, it has not been necessary to continue the program of buying surplus eggs during the past few weeks in order to sustain market levels.

The egg purchases were made under the provisions of section 32 of the amendments to the Agricultural Adjustment Act, approved August 1935. The purchased eggs were turned over to the Federal Surplus Commodities Corporation for distribution to the States for the use of the needy and unemployed. A considerable quantity of these eggs was sent into the flood areas for donation to flood victims.

Producers and Consumers

The emergency egg surplus removal program was launched in the interest of both producers and consumers. In the interest of farmers, the purchase of surplus eggs was intended to improve market conditions. In the interest of consumers, the purchases were not only designed to encourage a narrowing of the spread between the wholesale price and the retail price but also to discourage heavy forced sales of poultry and reduced hatchings this spring, both of which would have led to smaller supplies this fall and winter and to excessively high prices of eggs to consumers later. Before the program was initiated retail egg prices were unusually high in relation to wholesale prices. However, after the inauguration of the program retail prices were dropped to the extent that the margin between wholesale and retail prices was reduced to more than 6 cents below the previous margin.

CONSERVED SEED GRAIN SOLD IN DROUGHT AREA

Federal Surplus Commodities Corporation Disposing of Seed Grain Stocks for Spring Planting

Farmers in the principal grain-producing regions of the Northwest drought area are able to purchase supplies of high-quality grain suitable for seed procured under the sponsorship of the Federal Surplus Commodities Corporation last fall and winter to supplement commercial supplies.

The grain was obtained when it was considered advisable to make available certain varieties for seed to supplement supplies in the usual channels because of a threatened shortage resulting from last summer's drought and from commercial consumption.

Producers are obtaining their supplies from authorized local distributors. Applications for authority to distribute the grain are being received from distributors at the Corporation's Minneapolis office. Nearly 50 percent of the spring wheat supply had been applied for. On March 29 stocks in the hands of the Federal Surplus Commodities Corporation included, in terms of bushels, spring wheat, 676,379; durum wheat, 315,840; barley, 324,188; oats, 444,436; and flax, 244,401.

Varieties and types offered for sale by the Corporation, and price per bushel, delivered to the farmer, include spring wheat, largely of the Marquis and Ceres varieties, with limited quantities of Reward and Thatcher, \$1.60; durum wheat, largely Mindum, with a small quantity of Kubanka, \$1.70; oats, mostly of the Early White, and including Early Yellow, Mid-Season, and Late White, 65 cents; feed barley, \$1; malting barley, \$1.40; and flax, Bison variety, in 2½-bushel sacks, including cost of sacks, \$2.70.

Estimates by the trade as to the effect of the program on producers indicate that the purchases of surplus eggs resulted in producers receiving from 2 to 5 cents a dozen more for eggs than they would have had the market been without the support of the program.

Altogether purchases have been made in 20 States and the District of Columbia, as follows: Arkansas, 400 cases; California, 4,560 cases; District of Columbia, 5,200 cases; Connecticut, 800 cases; Florida, 800 cases; Illinois, 38,000 cases; Indiana, 5,200 cases; Maryland, 4,200 cases; Massachusetts, 3,600 cases; Michigan, 1,600 cases; Missouri, 800 cases; Nebraska, 2,000 cases; New Hampshire, 400 cases; New York, 185,864 cases; Ohio, 2,000 cases; Oregon, 912 cases; Pennsylvania, 9,012 cases; Rhode Island, 800 cases; Texas, 2,000 cases; Utah, 1,368 cases; Washington, 8,672 cases. Total purchases were 278,188 cases, or 8,345,640 dozens. Purchases in New York and Illinois were the heaviest because of the quantities bought on the exchanges in New York City and Chicago. Many States in which purchases were not made directly were represented in purchases made on the exchanges.

TEXAS CITRUS INDUSTRY CONSIDERS MARKET PACT

Marketing Agreement and Order Would Enable Growers and Shippers to Adjust Fruit Shipments

Handlers and growers of grapefruit and oranges grown in Cameron, Hidalgo, and Willacy Counties in Texas are considering the adoption of a marketing program provided for in a tentatively approved marketing agreement and order. The agreement is now before handlers for signature, while growers are indicating whether they favor the issuance of the order embodying the terms of the agreement.

Under the provisions of the marketing agreement program two methods are provided for adjusting shipments of grapefruit and oranges grown in the three Texas citrus counties. One is through regulation of shipments by volume on a weekly basis, and the other through limitation of shipments by grades and sizes. These methods may be employed in combination or separately.

Administration of the program would be through two committees, a growers' industry committee of 12 members selected on a district basis to represent the growers and a shippers' committee to represent the handlers in the industry. Both committees would be required to act on recommendations to the Secretary of Agriculture for the institution of volume regulation and grade and size limitations.

Regulations for limiting shipments on the basis of grades and sizes as a means of improving marketing conditions and returns to growers would be put into effect by the Secretary of Agriculture on the basis of the recommendations of the growers' industry committee and the shippers' marketing committee or other available information.

The growers' industry committee could incur expenses necessary to carry out its functions and those of the shippers' marketing committee. The funds to cover these expenses would be obtained through assessments on handlers fixed by the Secretary of Agriculture for a designated fiscal period at a rate per standard packed box of citrus fruit. Each handler would bear his proportionate share of administrative expenses on the basis of fruit shipped. No funds would be levied for any variety of fruit for which shipments had not been regulated during the fiscal period.

In determining the advisable quantity of each variety of fruit to be shipped during any weekly period of volume regulation, the shippers' marketing committee would be required to consider such market factors as prices, shipments, track holdings, available supplies of citrus fruit, supplies of competitive fruit, and trend in consumer income. The advisable quantity, determined on the basis of these factors, would then be allocated among handlers in the industry who apply to the growers' industry committee for allotments.

The program applies to the citrus area of the lower Rio Grande Valley principally because all but a small percentage of the citrus crop of Texas is produced

in the three counties. The movement of citrus fruit grown in districts outside of the lower Rio Grande Valley does not compete materially with that shipped in interstate commerce from the area under agreement.

WATERMELON PROGRAM

(Continued from p. 1)

the Southeastern States was increased last year primarily because of reduced plantings, a light crop, improved consumer-demand conditions, and better distribution of shipments to terminal markets made possible under a marketing-agreement program.

The intended rise of 6 percent in acreage this year, if accompanied by average growing conditions, is likely to result in a substantial increase in the number of watermelons which will be available for market. The greater number of melons which may be sold in distant consuming centers may have an adverse effect on returns to growers.

Market Gluts a Problem

The Southeastern States ship watermelons from May to September. During that time they dominate markets east of the Mississippi River, especially in the North and South Atlantic States. The outstanding marketing problem in the watermelon industry involves rapidly accelerated shipments through June and July, which result in oversupplying terminal markets and reduced prices and sales by growers. The problem also involves shipment of inferior quality watermelons which affect prices to growers.

The marketing agreement and order now in effect provide for periodic regulation of shipments by grade or size and regulation of movement by "shipping holidays" not to exceed 48 hours in length. In the 1936 season two "shipping holidays" were found necessary. At the end of June and again after July 18, when heavy shipments piled up in terminal markets, grower prices fell very markedly and few sales could be made by growers. Restriction of shipments for 48-hour periods resulted in a decrease of track holdings and a substantial strengthening in the terminal and f. o. b. prices. From July 25 to August 16 shipments of unclassified melons from the Southeastern States were prohibited.

1936 Season Favorable

The 1936 season was relatively favorable to the several thousand growers in the four Southeastern States. The average price received by growers was about 92 percent higher than in the previous season. Returns to growers, which had averaged \$2,170,000 in the 4 previous years, averaged about \$3,600,000 in 1936. Major factors accounting for the improved returns are the moderate supplies shipped and the improvement in consumer income.

The regulations under the agreement and order were helpful in the emergency periods when markets had become glutted. For the second year southeastern watermelon producers have had practically all shipments inspected. There was an apparent decrease in some of the han-

USES OF EGGS SHOWN IN POULTRY SECTION STUDY

Over 80 Percent of Eggs Served on Na- tion's Dining Tables in 1935; Nearly 5 Percent Lost Through Waste

A study of egg uses in the United States conducted during recent months by the Poultry Section shows that in 1935 more than 80 percent of the eggs disposed went into shell-egg consumption channels, largely for dining-table use.

The various uses of eggs in that year accounted for approximately 2,538,000,000 dozens, as follows:

Shell-egg consumption—dining table, 2,097,375,000 dozens, or 82.64 percent; shell eggs used for hatching purposes, 103,900,000 dozens, or 4.09 percent; liquid or frozen consumption, 171,826,000 dozens, or 6.77 percent; dried-egg consumption, 38,857,000 dozens, or 1.53 percent; inedible and waste eggs, 126,050,000 dozens, or 4.97 percent.

The outstanding important use for eggs, as would be anticipated, is for human food. The major outlet for shell eggs is for use on the dining table in the home and public eating places. Frozen or liquid eggs find their most important outlet through the baking trade in the preparation of cakes, pies, bismuits, crackers, cookies, doughnuts, pastries, and bread. The manufacture of mayonnaise and salad dressing also furnishes an important outlet for liquid and frozen eggs. The most important outlets for dried eggs are the bakery, confectionery, and ice-cream trades.

Animal-food uses are relatively unimportant at the present time. Eleven technical uses were reported. Among these outlets, the leather and fur trade, lithographing, textile printing, and pharmaceuticals were the most important.

(Continued on p. 4)

Fall River Milk Order Amendment Provides for Revision of Bases

An amendment to the order for handlers of milk in the Fall River, Mass., marketing area, providing for a modification in the base-rating provisions of the order, became effective April 1.

Considered at a public hearing held in the marketing area on February 11, the amendment is designed to give greater flexibility to the base-rating plan provided for in the order. The modification provides for quarterly revision of producers' bases so that those producers who supplied the market with milk up to their bases may not be penalized for the benefit of those producers who failed to deliver up to their bases.

ding charges through competition among shippers and belief that regulation could bring greater stability in marketing the commodity.

TEXAS ONION INDUSTRY NOT TO HAVE AGREEMENT

Proposed Program for This Season Is Withdrawn; Growers Report Light Crop With Good Prices

A proposed marketing agreement for handlers of onions grown in the State of Texas is being withdrawn from further consideration at this time by the industry. The action is being taken on the basis of recommendations from grower and shipper groups who sponsored the proposed marketing program under which this season's out-of-State shipments of Texas onions could be adjusted more nearly in line with market requirements as to grades and sizes.

In recommending withdrawal of the proposed agreement, J. A. Alexander, of Garland, chairman of the North Texas District Onion Committee and president of the North Texas Growers and Shippers Association, pointed out that the industry was confronted with a short crop. In addition to reporting a light crop, C. W. Barker of Big Wells, chairman of the Central Texas District Onion Committee, reported that a large percentage of the crop in his area had already been sold or contracted for at satisfactory prices to growers. The same situation was reported to prevail in the Lower Rio Grande Valley district.

The proposed program was considered at a series of six public hearings, held in the onion-producing areas of Texas during the latter part of January, at the request of committees of onion growers representing the Winter Garden, Wilson-Karnes, Coastal Bend, and North Texas districts. The marketing agreement was tentatively approved by the Secretary of Agriculture early in March, and during recent weeks has been before the industry for consideration by handlers and growers.

Program Seeks to Divert Filberts to Encourage Domestic Consumption

Domestic consumption of filberts produced in Oregon and Washington will be encouraged under a program which seeks to divert unshelled filberts to the shelling trade.

Under the program, growers and packers of filberts submit offers to shell filberts produced in the United States which meet specified grades. Each contracting sheller agrees to shell at least 2,000 pounds and specifies the maximum he expects to shell. The Secretary of Agriculture determines the total quantity to be shelled on the basis of the effect such shelling would have in improving returns to growers.

Shellers are to be paid a benefit of 5 cents a pound for the filberts shelled in accordance with the program. The program was developed at the request of producer cooperative marketing associations which are seeking to avoid depressed prices by diverting a portion of the surplus into shelling channels. Heretofore domestically produced merchantable filberts have been sold only as unshelled filberts.

Proposed Agreement Program for Texas Tomatoes Being Considered

A proposed marketing agreement program for handlers of tomatoes grown in Cameron, Hidalgo, and Willacy Counties in Texas, considered at a public hearing held at Mercedes, Tex., is being reviewed in the light of the record of the testimony presented by the industry at the hearing.

Developed at the request of growers and shippers of tomatoes in the three counties named, the program under the proposed marketing agreement and order is designed to assist the industry in improving returns to growers through adjusting shipments of tomatoes in interstate commerce and to Canada more nearly in accordance with market requirements.

As proposed for hearing, the marketing agreement and order provide for the limitation of shipments of tomatoes by grade and size and the declaration of shipping holidays.

Administration of the program would be through a control committee of 15 members. The control committee would be made up of nine members of a growers' industry committee, three members from each country; and six members of a shippers' committee, two from each county. The control committee would make recommendations to the Secretary of Agriculture as to the regulation of shipments. The shippers' committee would assist the growers' industry committee and with it constitute the control committee, and the growers' industry committee would handle all other administrative details of the agreement and order.

USES OF EGGS SHOWN

(Continued from p. 3)

Next to dining-table uses for shell eggs, the commercial and farm hatching is the most important use of shell eggs.

Based on information from various trade sources, it has been estimated that nearly 5 percent of the total volume of egg disappearance in 1935 was inedible and waste. The Poultry Section points out that this is a rather surprising total percentage; and while it probably cannot be entirely eliminated, it is a point meriting attention and consideration. Some eggs inedible for human food are used as fox and hog food, and a considerable quantity is recovered and used in leather tanning.

OREGON CAULIFLOWER

(Continued from p. 1)

assessed against each handler in proportion to the total volume of cauliflower shipped. In addition, costs accruing to the administration of regulations would be prorated among handlers operating in the district affected by the regulation. Members of the control committee would serve without compensation but would be

CONTINUE LOW FREIGHT RATES TO DROUGHT AREA

Railroads Grant Extension of Reduced Rates on Shipments of Roughages and Feed Supplies

A continuation of reduced freight rates for feed and roughages shipped to the drought areas in Montana, Nebraska, North Dakota, South Dakota, and Wyoming has been granted by railroads.

One extension of reduced freight rates will continue in effect for 45 days from March 31. These rates apply to points on the Chicago & North Western Railway in North and South Dakota; the Minneapolis & St. Paul Railroad in South Dakota; the Chicago, St. Paul, Minneapolis & Omaha Railway in South Dakota; the Chicago, Milwaukee, St. Paul & Pacific Railroad in South Dakota, other than northern South Dakota; and to points on the Chicago, Burlington & Quincy Railroad in South Dakota and Montana. The reductions apply from points on these roads for single-line hauls. Extended reduced rates will also be continued in effect for a period of 45 days beyond March 31 where shipments to points in Nebraska and northeastern Wyoming originate at points on the Chicago, Burlington & Quincy Railroad, on the Union Pacific Railroad, and on the Chicago & Northwestern Railway, and move via single line hauls over these roads.

The reduced rates are on a basis of two-thirds of the commercial rates of the individual railroads applicable on hay, concentrates, coarse grains, mixed feeds, and mixed feed ingredients. On straw and other roughages, reduced rates are 50 percent of the commercial rates on hay. The reductions granted by the railroads at the request of the Department of Agriculture Drought Committee are expected to prove of substantial assistance to farmers in feeding work stock during the spring planting season and in maintaining foundation herds until green feed is available.

Another extension of reduced rates will continue in effect for a 60-day period from March 31 and provide for similar reductions. These rates apply from points on the Great Northern Railway, Northern Pacific Railroad, Soo Line, and the Chicago, Milwaukee, St. Paul & Pacific Railroad and some 16 roads directly connecting with these 4, operating through Montana, North Dakota, and the northern part of South Dakota.

entitled to expenses necessarily incurred in the performance of their duties.

Provisions are contained in the agreement which would enable the industry to cooperate with the Secretary of Agriculture in surplus removal operations through purchases of cauliflower for relief distribution, which may be undertaken under provisions of section 32 of the amendments to the Agricultural Adjustment Act approved during 1935.